



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

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MESA MAN ORDERED TO REPAY COMMODITIES INVESTORS

PHOENIX — The Arizona Corporation Commission has ordered Ira Lavender, 55, of Mesa, to cease and desist from his sales of commodity investments.

According to the Order, Lavender, who is an electrician by trade, raised money from at least ten investors with promises that he had developed a method of risk free commodities trading. He solicited investors' funds so that he could implement these strategies in the commodities markets. The Order states that he claimed to have safeguards in place on each investor's account so no losses could take place. He told investors that he was writing a book describing his methods, which could earn investors millions in a short time. Lavender was not a licensed securities salesman or commodities broker, nor had he ever traded accounts for other people.

While trading in commodities on behalf of the investors, Lavender's strategies appear to have failed. The investors' funds were completely lost in a matter of a few months in 1999. Lavender also claims his own account was completely lost under his trading strategy. Lavender, who recently moved to San Diego, consented to the order and has agreed to pay back \$175,500 in restitution along with a \$10,000 penalty.

Commodities futures contracts (often referred to as "futures") differ from securities in that they involve an actual product versus an equity or debt interest. Such items as wheat, corn, cocoa, coffee and platinum are commodities. Commodities trading involves guessing the future price that the item will obtain within the hour, month or year. The trading of commodities, commodity pools and their variations include a great deal of speculation. The commodities markets are characterized volatility and high risk. Since the transaction involves a tangible, deliverable product there exists the very

real possibility that an investor may actually be liable for the product purchased. Mark Sendrow, Director of the Securities Division of the Corporation Commission, stated “while there are strategies to hedge an investor’s personal portfolio, futures trading is mainly suitable for those who can handle the high risk.”

In taking this action, Commission Chairman, Carl Kunasek cautioned, “In any investment, there is no opportunity for gains without a corresponding risk for loss. Commodities investing can be one of the riskiest areas for investors. A great deal of research should be done to ensure that one does not fall victim to ‘friendly’ advice that is lacking in substantial information.” Commissioner Irvin said: “Investors are gambling more as the new economy raises investor expectations. Investors should be on alert any time someone purports to have a ‘risk free’ investment opportunity.” Commissioner Mundell reminds investors that they should “always investigate before you invest.” He added: “One phone call to the Commission’s Securities Division is all it takes to find out whether the person offering investments is licensed to do so. A phone call can alert the public of an unlicensed salesman, as in this case.”

The public can contact the Securities Division at (602) 542-4242 or by visiting the Division’s web site at www.ccsd.cc.state.az.us.

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